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SUBJECT: PM FUKUDA PLANS NO SHIFT IN JAPAN POLICY ON

NORTHERN TERRITORIES

REF: TOKYO 02690

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Classified By: Charge d' Affaires Joseph R. Donovan. Reasons 1.4 (B) (D)

11. (C) Summary. Japanese Prime Minister Yasuo Fukuda will not alter Tokyo's policy approach to Russia or the Northern Territories, Japanese Foreign Ministry officials tell Embassy Tokyo. Russian Embassy representatives add that Moscow plans to continue its "two-track" approach toward Tokyo: 1) dialogue on the Northern Territories, and 2) political discussion on strategic issues and trade. The Japanese government looks forward to the late October visit of Russian FM Sergei Lavrov, the early November arrival of Deputy PM Sergei Naryshkin, and the third round of the Japan-Russia strategic dialogue, scheduled to occur by the end of 2007. At their September 8 summit on the margins of APEC, former Prime Minister Abe and President Putin agreed to speed up negotiations on measures to facilitate visa issuance and the peaceful uses of nuclear energy. End Summary.

No Change in Russia Policy

12. (C) Japan &has no plans to change its political course toward Russia8 in addressing the Northern Territories issue, MOFA European Affairs Bureau Russia Division Principal Deputy Director Kotaro Otsuki told Embassy Tokyo on October 3. During Prime Minister Yasuo Fukuda's first major policy speech, delivered to the Diet on October 1, the PM said that "We will make steady efforts toward the resolution of the territorial issue with Russia and work on developing

exchanges between the two countries." Otsuki observed that the uncertain political atmosphere surrounding PM Abe's resignation, and the resulting Cabinet re-shuffle, made any new policy initiative toward Moscow unlikely.

Russian "Two Track" Policy

13. (C) Russian Embassy and academic contacts concur that domestic concerns in Tokyo and Moscow will block any new initiative on the Northern Territories issue. On October 3, Russian Embassy Political First Secretary Sergei Zhestky observed to Embassy Tokyo that Moscow does not expect to see any new initiatives in Japan's approach to Russia. Moscow, he added, would continue to follow a "two-track" course vis--vis Tokyo: 1) dialogue on the Northern Territories issues, and 2) discussion on economic and other relations, including political dialogue on strategic issues and trade. First Secretary Yurii Yuriev recently added that Moscow officials remain focused on the March 2008 presidential election, and that Russian public opinion would never support a compromise on the Northern Territories.

Academics Note Domestic Concerns

14. (C) Aoyama Gakuin University professor Shigeki Hakamada, in discussing PM Fukuda,s approach to Russia, noted that "it is inconceivable that his stance on the Northern Territories issue would be much different from Japan's policy of 'no return of four islands, no peace treaty.," As Chief Cabinet Secretary under former Prime Minister Koizumi, Fukuda

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participated in the signing of the March 2001 Irkutsk Statement and the January 2003 Japan-Russia Action Plan. According to Hakamada, both documents call for the two countries to promote economic exchanges while strengthening

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efforts to resolve the territorial issue. Hiroshi Kimura, a professor at Takushoku University, agreed that Fukuda's stance on the Northern Territories would not vary from those of Koizumi and Abe. He opined that Japan would refrain from taking any new steps toward Russia "because Putin will be replaced by a new president in March 2008."

Lavrov Visit

15. (C) MOFA,s Otsuki said that Tokyo officials have begun planning for the late October visit to Tokyo of Russian FM Sergei Lavrov. In addition to the Northern Territories issue, Japan will look for ways to increase cooperation under Tokyo's "Initiative for the Strengthening Japan-Russia Cooperation in the Russian Far East and Eastern Siberia" - a proposal highlighting eight areas for potential cooperation that PM Abe presented to President Putin at their summit on the margins of the June 2007 G-8 meeting in Heiligendamm (Reftel).

Abe-Putin APEC Summit

16. (C) Meeting in Sydney in September, Abe and Putin discussed four main topics, according to Otsuki and former Russia Division Principal Deputy Director Kazuhiko Nakamura:
1) Northern Territories, 2) Russian Far East and Eastern Siberia Cooperation, 3) climate change, and 4) youth exchanges. On the Northern Territories, the two leaders stressed the importance of making progress on negotiating a settlement. Abe and Putin instructed their staffs to take

steps to resolve the status of the four islands, but presented no new ideas for resolving the land dispute and provided no specific guidance about how to proceed. Abe and Putin reviewed plans for the early November visit of Deputy PM Sergei Naryshkin, as well as a third round of the Japan-Russia strategic dialogue, scheduled to take place before the end of 2007. Otsuki observed that Naryshkin's visit will focus on economic relations and cultural affairs. The DPM is scheduled to close a series of cultural events set to take place in Tokyo.

Nuclear Cooperation

¶7. (C) Nakamura said the two leaders also agreed to speed up negotiations on two bilateral treaties regarding: 1) measures to facilitate visa issuances to their respective nationals, and 2) the peaceful uses of nuclear energy. The nuclear negotiations, which started in the "spring of 2007," according to Nakamura, call on the countries to exchange information, to cooperate on scientific research, and to coordinate on the commercial uses of nuclear energy. The final agreement may also address the transportation of nuclear material and the fabrication of nuclear material for use in power plants. Nakamura noted that the Japan-Russian nuclear cooperation negotiations have been undertaken in close cooperation with the United States. DONOVAN